

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JANUARY 13, 2009**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, January 13, 2009, commencing at 7:30 a.m.

Present: Council Member Hitchcock, Council Member Johnson, Mayor Pro Tempore Katzakian, Council Member Mounce, and Mayor Hansen

Absent: None

Also Present: City Manager King, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Economic Development Electric Rates (EUD)

Electric Utility Director George Morrow provided a PowerPoint presentation regarding the economic development electric discount. Specific topics of discussion included background, past Lodi rates, report with the assistance of MBMC, Northern and Southern California comparisons, key elements of the Economic Development Rate (EDR), draft EDR for Lodi, term and sunset, applicability, amount of discount, possible numbers, new load size, load factors, job discounts, energy efficient, geographic limits, penalties, other considerations, and summary conclusion.

In response to Council Member Johnson, Mr. King stated the energy discount is not currently put into the Enterprise Zone and there may be some geographic limitations.

In response to Mayor Hansen, Mr. Morrow stated the Energy Cost Adjustment (ECA) is a different subject matter and not directly related.

In response to Mayor Pro Tempore Katzakian, Mr. Morrow stated PG&E has a general EDR applicable in its service area throughout the State. Mr. Morrow stated that, while there are only three takers within the County, it still serves as an additional tool.

In response to Mayor Hansen, Mr. Morrow stated the proposed EDR is applicable to new growth and expansion and the City currently has an existing 200 rate but no one has taken advantage of it to date.

In response to Council Member Hitchcock, Mr. Morrow stated the incentive itself will not be a primary driver of why businesses will locate to or expand in the City and staff will need to analyze the incentive over time to determine how much of a factor it is.

In response to Council Member Johnson, Mr. Morrow stated the discount would not apply to Blue Shield because most discounted rates apply to manufacturing and industrial businesses.

Mr. Morrow stated office and retail businesses tend to operate one shift and peak seasonally; although, staff can look into options from both an electric utility and public agency perspective.

In response to Council Member Hitchcock, Mr. Morrow stated most discounted rates came into play years ago when there was extra capacity and incremental costs were lower than the average costs. Mr. Morrow stated now the case is opposite where capacity is a concern and incremental costs have increased. Mr. Morrow further stated the short sunset will help with the tracking and monitoring of the program.

In response to Mayor Hansen, Mr. Morrow confirmed that the discount is only for three years to serve as an incentive to come to Lodi and get settled or start expansion and the discount then goes away.

In response to Council Member Hitchcock, Mr. Morrow stated there may be an ability to look at combining an incentive with LEED certification to encourage participation in both programs.

In response to Mayor Hansen, Mr. King stated that, although it is not specifically written, the Enterprise Zone and redevelopment project area may be tied in with the incentive by geographical area. In response to Mr. Hansen, Mr. Morrow stated penalties would be automatically assessed every month but are designed to be flexible and non-punitive.

In response to Mayor Pro Tempore Katzakian and Council Member Johnson, Mr. Morrow stated Blue Shield is an example of new growth paying its own way for additional service and other programs may be put together to assist those businesses.

In response to Council Member Mounce, Mr. King stated that, if the incentive was connected to the redevelopment project area, it would need to be applied directly to inside the project area.

In response to Mayor Hansen, Mr. Morrow stated penalties are designed not to be too punitive and discontinuing a discount if it is no longer applicable to a business may be an option.

In response to Council Member Hitchcock, Mr. Morrow stated he currently anticipates there is sufficient staff to handle the proposed discount program and will return to Council if after further monitoring that changes.

Pat Patrick, representing the Chamber of Commerce, provided comment and discussed the discount applying to a small portion of the entire usage, the current state of economic development, connecting the proposed incentive to the wine and tourism industry, assessing jobs based on their value to the community, and looking at the specific needs of a business when offering incentives.

In response to Mayor Hansen, Mr. Morrow stated for residential customers there has been no base rate increase since December 2005, there is a stabilized power supply which is two-thirds of the rate structure, the last forecast indicated an increase for base rates in 2012-2013, the costs for the new energy center and substation are covered through bonds, and there should be no negative affect on residential customers of the proposed discount.

In response to Council Member Hitchcock, Mr. Morrow confirmed that staff will continue to monitor the ECA and base rate information on an ongoing basis for financial stability.

C. Comments by Public on Non-Agenda Items - None

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:30 a.m.

ATTEST:

Randi Johl
City Clerk



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CITY OF LODI COUNCIL COMMUNICATION

B-1

AGENDA TITLE: Economic Development Electric Rates

MEETING DATE: January 13, 2009

PREPARED BY Electric Utility Director

RECOMMENDED ACTION: Receive a presentation by the Electric Utility Department regarding the possible **use** of discounted electric rates to promote Economic Development

BACKGROUND INFORMATION: Over the years, many electric utilities have implemented special discounted rate tariffs to encourage economic/industrial development within their service areas.

A report prepared for the Electric Utility Department (EUD) by MBMC, Inc. in late 2006 highlighted a number of California electric utility economic incentive rates. This report is attached. MBMC found that most electric utilities that offered such rates, targeted high "load factor" industrial and/or manufacturing customers for either business expansion or for relocation to their service areas by offering rate discounts of various amounts for a period of generally three to five years. The report also noted that other electric utilities had no economic development rates or had discontinued them.

Given the relatively weak financial condition of the electric utility at the time, staff elected not to recommend the establishment of an economic development discount program. Recent improvements in the electric utility's financials, however, have raised the question of whether the implementation of an economic development rate (EDR) is now appropriate to further EUD and community goals related to industrial development.

To promote the consideration of a possible EDR locally, a draft version of same was developed for review and discussion by the City Council (attached).

Key elements of the proposed Economic Development Rate are as follows:

- Three year term:
- New or expanded industrial load only (i.e. no retail):
- 10 percent base discount (does not apply to surcharges);
- Extra 5 percent "job creations" discount (minimum 25 jobs for G2 customers and 50 jobs otherwise):
- Minimum load addition of 50 to 200KW depending on rate class:
- 45 percent minimum "load factor": and
- June 30, 2010 sunset

Topics for consideration when developing and EDR include term & sunset, applicability, amount of discount, minimum load size, minimum load factor, new job criteria, energy efficiency, geographic limitations, and penalties.

APPROVED: 
Blair King, City Manager

SUPPLEMENTAL SCHEDULE ED

ECONOMIC DEVELOPMENT INCENTIVE DISCOUNT

APPLICABILITY:

This rate is available to qualified G2, G3, G4, G5 and I1 customers for the purpose of industrial business attraction or existing industrial facility expansion. An industrial customer is one who operates facilities that are not involved in the sale of goods and services directly to the public as determined by the Electric Utility Department (EUD). Customers must file an application requesting an Economic Development Incentive Discount (EDID) prior to taking electric service for the qualified new or expanded load.

BASE DISCOUNT:

The Base Discount shall equal ten percent (10%) of the electric bill associated with the qualified new or expanded load. The Base Discount shall not apply to the Solar Surcharge, CEC fee, State Energy Tax or any other assessment or charge levied on electric bills after the effective date of this rate schedule unless specifically provided otherwise.

JOBS CREATION DISCOUNT:

In addition to the Base Discount, an EDID qualified customer may receive an additional five percent (5%) discount of the electric bill associated with the qualified new or expanded load if they create a minimum of 25 new jobs (G2 customer) or 50 new jobs (G3, G4, G5 AND I1 customers). If the new job count associated with qualified new or expanded load falls below this level in any given month, no Jobs Creation Discount shall be applied for that month. The Jobs Creation Discount shall not apply to the Solar Surcharge, CEC fee, State Energy Tax or any other assessment or charge levied on electric bills after the effective date of this rate schedule unless specifically provided otherwise.

LENGTH OF DISCOUNT:

As to any customer, the EDID shall apply for a period of thirty six (36) months.

MINIMUM LOAD ADDITION:

To qualify for the Economic Development Incentive Discount, the new or expanded load must be sized at or greater than the following:

G2	50 kilowatts (KW)
G3	50 KW
G4	100 KW
G5	200 KW
I1	200 KW

Supplemental Schedule ED

Economic Development Incentive Rate

Customer must provide information satisfactory to EUD regarding the planned size of the new or expanded load. The new or expanded load eligible for an EDID shall be separately metered. If a customer's discounted load level falls below the applicable minimum level in any given month, no discount shall be applied for that month.

TERM OF DISCOUNT:

This Supplemental Schedule ED shall be in effect until June 30, 2010 for new customers. Once a customer is placed on this rate schedule, however, that customer's discount shall be in effect for thirty six (36) months unless terminated earlier as provided in this schedule.

LOAD FACTOR:

Customer shall maintain a monthly load factor of at least 45 percent for the load receiving a discount. If the load factor falls below this level in any given month, no discount shall be applied for that month.

IMPLEMENTATION:

EUD shall be responsible for establishing administrative rules and processes for administering the rate schedule. Customers shall provide information on a timely basis to enable EUD to verify eligibility and to administer the terms of this rate schedule.

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LODI ECONOMIC DEVELOPMENT RATE

Executive Summary

MBMC, Inc. was engaged by the City of Lodi Electric Utility (Lodi City or Utility) to provide examples of the types of economic development rates and provisions that other California Utilities use to promote economic development and job creation within their service areas, and develop an economic development rate for Lodi. The process for doing so involves the completion of comparable rates, a discussion of options available to Lodi and the formulation of a rate for Lodi.

Approximately two thirds of the State's electric consumers are served by investor owned utilities. The balance is served by utility districts and municipalities. Examples of rates from the investor owned utilities, special districts, and cities were obtained and are included in this report.

The report is divided into four major sections. The first section provides a summary of regional economic development rates broken down by northern and southern California. Such rates were most popular during the 1990's as utilities were afraid of losing valuable commercial customers to competition. Since the deregulation experiment was such a dismal failure many utilities have either terminated or allowed these rates to expire. There are several that survive to this day, and some of these rates provide a competitive economic development factor in service areas adjacent to or near Lodi. Examples in northern California include the Pacific Gas and Electric Company, the cities of Alameda and Redding, and the Modesto Irrigation District.

The third section of this report provides the general parameters for the development of an economic development rate in Lodi. In this section potential parameters are identified, defined and explored with Lodi's economic development objectives in mind.

The final section of this report contains a draft economic development rate. This rate is essentially a "straw man" that was developed with Lodi's general objectives in mind. The consultant understands that Lodi desires the economic development rate to create the incentive for new high paying jobs in the community while assuring that the program cost is covered.

This report and its Draft Economic Development Rate lays the groundwork for a more informed discussion amongst Lodi lenders in order to finalize the discounts, terms and conditions that will ultimately be included in the final economic development rate. Once feedback to the suggestions and data contained herein is received the economic development rate for Lodi will be finalized.

Summary of Regional Economic Development Rates

A variety of Economic Development Rates (ED Rates) were reviewed as part of this analysis. Initially it was thought that the most applicable examples would come from northern California utilities that are in competition with Lodi for business attraction and business retention. It became apparent early on that there is not an abundance of comparable northern California ED Rate examples available. Many utilities either do not have ED Rates, or given the failure of deregulation and direct access they have been allowed to expire or have been terminated. For this reason, the review was expanded to include southern California utilities.

Northern California Economic Development Rates

ED Rates for northern California utilities used in this analysis include Pacific Gas and Electric Company (PG&E), Sacramento Municipal Utility District (SMUD), Modesto Irrigation District (MID), and the Cities of Alameda and Redding. Copies of the ED Rates for these utilities are provided in Appendix A. Table 1 contains a summary of ED Rates for these utilities. SMUD rates are discussed separately since they no longer are offered to SMUD customers.

Table 1
Northern California ED Rate Summary

	<u>PG&E</u>	<u>Alameda</u>	<u>Redding</u>	<u>MID</u>
Incentive				
Yr 1	25%	25%	25%	Negotiated
Yr 2	20%	20%	20%	Negotiated
Yr 3	15%	15%	15%	Negotiated
Yr 4	10%	10%	10%	Negotiated
Yr 5	5%	5%	5%	Negotiated
Limiter	Marginal Cost	Load Factor	Average Cost	NA
Cap	100MW	NA	NA	NA
Conditions	¹	²	³	5 Year Contract

The PG&E, Alameda and Redding ED Rates are quite comparable. The major difference between PG&E and Redding is that the PG&E Limiter is based upon its marginal cost while the Redding Limiter is based upon its average cost. Alameda's Limiter requires that the customer's Load Factor not fall below 30% over three consecutive months. Alameda also requires the customer to refund the total amount of the discount should

¹ Includes a 5 year contract, applies only to that portion of load likely to relocate for which customer must sign a "but for" statement.

² Effective for 5 years, relocation within 5 years requires full refund of all discounts. Load factor cannot fall below 30% for three consecutive months.

³ Includes a 5 year contract with penalties for early termination. Customer must apply within one year of becoming eligible.

they relocate within the five year timeframe. The MID ED Rate is the most flexible of the three as it is essentially a negotiated contract.

SMUD had two ED Rates including a new job rate and a temperature dependent rate. Both of these rates are closed to new customers. Since they are somewhat unique, and were likely developed for individual customers a brief discussion follows. Both of the SMUD rates are included in Appendix A.

The SMUD new jobs rate (GS-ED2) provided for a discount to employers who added 250 or more jobs. Although the amount of the discount is not clear from the schedule, it appears that the discount offered essentially covered SMUD's embedded cost of germ-ation, transmission and distribution. This rate required a 5 year contract

SMUD customers adding between 25 and 250 jobs were able to negotiate a rate (GS-TDP) between SMUD's embedded cost and its marginal cost. This was a unique rate that was dependent upon the temperature within the SMUD service area. It provided for different prices depending upon the local temperature. The breakdown of the rate was based upon the following temperature recordings (T = Temperature)

- ≥ 100 degrees for 2 days or more
- ≥ 100 degrees for 1 day
- $100 \text{ degrees} > T > 95 \text{ degrees}$
- $95 \text{ degrees} > T > 90 \text{ degrees}$
- $T < 90 \text{ degrees}$

Southern California Economic Development Rates

ED Rates for representative southern California utilities were obtained from Southern California Edison Company (SCE) as well as the Cities of Anaheim and Riverside. Table 2 contains a summary of the ED Rates for southern California utilities. The rates for SCE and Riverside are still active. Anaheim's rate was terminated on August 1, 2006. Copies of these rates are included in Appendix B.

Table 2
Southern California ED Rate Summary

	<u>SCE</u>	<u>Riverside</u>	<u>Anaheim</u>
Incentive (SCE/Riverside)			Efficiency
Yr 1	25%	40%	<60% 0.0%
Yr 2	20%	20%	60-64% 5.0%
Yr 3	15%	0%	65-70% 5.5%
Yr 4	10%	0%	71-74% 6.0%
Yr 5	5%	NA	75-79% 7.0%
			>80% 7.5%
Limiters	Marginal Cost	NA	NA
Cap	NA	NA	NA
Conditions	⁴		⁶

The SCE ED Rate is essentially the same as PG&E's. The only difference is that it is not subject to the cap of 100MW. Riverside's ED Rate is unique in that it is deeply discounted in year 1 (40 percent). The year 2 discount is 20 percent. ED Rates in years 3 and 4 are not discounted; however they cannot increase by more than 105 percent and 110 percent respectively over the year 1 non-discounted rate. In order to be eligible new customers must add 500 kW of new load. Existing customers need to add 20 percent to their load or 50 kW.

Anaheim's ED Rate was unique in that it was tied to the applicant's load factor. The larger the load factor the greater the discount. Discounts were also doubled for customers who located in the Anaheim Canyon Redevelopment Area.

⁴ Includes a 5 yr. contract and customer must maintain minimum load.

⁵ Includes a 4 yr. contract with approval of Riverside Economic Development Corporation, Riverside Board of Public Utilities, and Riverside City Council. New load must exceed 500kw. Existing load must increase 20% or 50 KW. Rates in year 3 cannot increase by more than 105% from the year 1 non-discounted level. Rates in year 4 cannot increase by more than 110% from the year 1 non-discounted level.

⁶ Discounts doubled in redevelopment area. Must add 200 KW new load. Rate closed as of August 1, 2006.

Parameters for Lodi Economic Development Rate

On September 19, 2006 a meeting was held with the General Manager of the Lodi Electric Utility to discuss various options regarding parameters for a unique ED Rate for Lodi. Options discussed included rate levels, terms and conditions, limiters and caps. A brief listing of potential parameters follows, as well as a discussion of the parameters that may best apply to Lodi based upon feedback obtained from City leadership.

Potential Parameters

- **Rate Level**
 - Percentage Discount
 - Fixed Discount
- **Terms and Conditions**
 - 5 years, or other
 - Sunset provision
 - Contract
 - Number of jobs created
 - Amount of new load
 - Load factor provisions
 - Penalties for non-performance or early termination
 - “But for” requirement
- **Limiter**
 - Average cost
 - Marginal cost
 - Other
- **Cap**
 - Amount of new load

Parameters Suggested for Lodi Electric Consideration

Based upon the ED Rates offered by competing California utilities, general electric industry considerations and initial feedback obtained from Lodi City and Utility management, the following general parameters were determined to be worthy of consideration by the City.

These parameters have been incorporated into the Draft ED Rate developed for Lodi’s consideration. The Draft ED Rate is included at the end of this report. Discussion on each of the parameters follows. A summary of feedback desired from the City in order to finalize development of the ED Rate is provided at the end of this section.

Rate Level – In order to provide for discounts comparable to other local utilities including PG&E, Alameda, and Redding, a sliding scale discount is suggested for Lodi. The discounts are the same over time as far these northern California utilities that presently offer ED Rates. These discounts could be lower, or higher depending upon Lodi’s input. Given the relatively narrow margin between Lodi’s existing rates and fully

allocated cost of service it is not recommended that these discounts be any greater than presented. At the City's discretion these discounts may simply be a fixed amount such as 15 percent. In fact, under the section titled "Limiter" on pages 7 and 8 these discounts would be limited to less than the amount presented below. For Draft and discussion purposes it is recommended that Lodi consider using the discounts contained in this Draft, but limit them by parameters established in the "Limiter" section. As discussed in that section of this report, there is some latitude as to exactly how these limits are established.

Discount

- Year 1 25%
- Year 2 20%
- Year 3 15%
- Year 4 10%
- Year 5 5%

Terms and Conditions – A number of terms and conditions are included in the Draft Lodi ED Rate for consideration by the City. Included amongst these are the following terms and conditions.

- **Term** – The term of the agreement describes the amount of time that eligible customers would receive discounts under the ED Rate. The Suggested ED Rate for purposes of this Draft would be in effect for eligible customers for a period of 5 years from the date that the customer begins service under this rate.
- **Sunset Provision** – Rather than have the ED Rate permanently appear in Lodi's rate schedule, it is recommended that this rate have a sunset provision. A number of utilities that established ED Rates during the period of deregulation have since stopped offering these rates. Examples of utilities that have suspended or terminated ED Rates include SMUD and Anaheim. The Draft ED Rate is suggested to be in effect for a period of 3 years and would terminate for new customers on December 31, 2009 unless extended by the City. December 31, 2009 was established since it corresponds to the termination of the PG&E ED Rate.
- **Sob Based Parameters** – It is possible to establish minimum eligibility requirements in terms of the number of jobs or the number of jobs that meet some minimum salary or hourly rate, or some combination of the two. Based upon discussions with City management it is understood that the City desires to promote higher paying jobs. For purposes of this Draft ED Rate, in order for customers to be eligible for the Lodi ED Rate discount, applicants must create a minimum of ___ new jobs that pay a minimum of \$ ____ per hour in order to be eligible for this rate.
- **Amount of New Load** – Rather than offering the discount to small or undesirable load, Lodi should consider establishing a minimum load level and minimum load factor for ED Rate discount eligibility. For purposes of this Draft ED Rate the minimum has been set at 50 kW. The City may wish to set an even higher level of 100 KW. For purposes of comparison, Riverside's ED Rate requires 50 KW of

new load for existing customers and 500 KW for new customers. Anaheim's ED Rate, when it was in effect, required 200 KW of new load for customer eligibility. Redding's ED Rate requires the addition of 100 kW for at least three months of the year. Given Lodi's size an amount in the 50 – 100 KW range is likely most appropriate.

- **Load Factor** – Load factor represents a measure of efficiency of use. It is calculated by dividing the energy use in a billing period by the product of the peak demand and the hours in the billing period. Load factor is expressed as a percentage. In order for the applicant to qualify for the Draft Lodi ED Rate they must have a load factor that does not fall below 50 percent in any consecutive three month period of time. The City of Alameda currently requires a 30 percent load factor for its ED Rate. A 30 percent load factor is a rather low and is considered undesirable load. Anaheim's ED Rate, when it was offered, was actually tied to the load factor. The discount was greater the higher the load factor. The system load factor in Lodi is approximately 50 percent, so this amount is recommended for Lodi's use. Lodi may wish to establish a different limit as it considers these parameters.
- **Penalties for Non-Performance and/or Early Termination** – In some cases (Alameda, Riverside) there are penalties contained in ED Rates for either non-performance and/or early termination. Penalties for both non-performance and early termination have not been included in the Lodi Draft ED Rate. A clause that allows the City to terminate the agreement upon 30 day written notice is included in the Draft ED Rate. This provision would allow the Utility to terminate the agreement for non-performance of the customer.

Penalties that Lodi may wish to consider include:

- **Non-Performance** – If the customer does not generate and maintain the number of jobs identified in the ED Rate, or does not maintain the minimum load factor, they would no longer be eligible for the ED Rate and must refund all discounts to Lodi Electric.
- **Early Termination** – Should the customer leave the Lodi service area or otherwise not meet their commitments under the ED Rate they would be required to refund all discounts to Lodi Electric.

Limiters – Limiters are sometimes established in order to assure that the discounts are not subsidized by other customer classes, or to establish limits to discounts offered.

Typically, these limiters are established by using either the average cost of service or marginal cost of service for the utility. Other measures may be used and it may even be in the best interest of the community to have some subsidy provided from other customer classes in order to promote economic development.

For purposes of the Draft ED Rate several options were considered. Marginal cost is not an option as it has not been calculated for the Lodi utility. Average cost of service information is available for consideration purposes. Using Lodi's most recent Cost of

Service Analysis (COSA)⁷, the maximum existing discount by rate using this limiter would be as follows

Table 3
Average Cost of Service Limiter Analysis

Rate Class	Lodi Rate (¢/KWh)	COSA (¢/KWh)	Variance
G1	16.6	14.0	15.6%
G2	15.0	12.9	14.0%
G3	14.4	12.9	10.4%
G4	12.3	12.3	0.0%

This amount may be acceptable to Eodi for the G1, G2, and possibly G3 rates as it produces maximum discounts of 15.6%, 14.0%, and 10.4% respectively. Rate class G4 is set at the average cost of service, so under this methodology no discount would be available to this class. This is not desirable since this large rate class is most likely the one that would produce needed high skilled jobs in Lodi. For this reason, the suggested Draft ED Rate for Lodi utilizes the COSA based limiters for rate classes G1 and G2 and a modified limiter for rate classes G3 and G4. Calculation of the suggested limiter for rate classes G3 and G4 are based upon meeting the current cost of generation resources (8 ¢/KWh) plus an allotment for transmission and distribution expense of 4.0 ¢/KWh for rate class G3 and 2.5 ¢/KWh for rate class G4. Using this suggested methodology the discounts available under the limiter would be 16.7% for rate class G3, and 14.6% for rate class G4.

Table 4
Suggested Limiter

Rate Class	Lodi Rate (¢/KWh)	Limiter (¢/KWh)	Variance
G1	16.6	14.0	15.6%
G2	15.0	12.9	14.0%
G3	14.4	12.0	16.7%
G4	12.3	10.5	14.6%

Given the results of this analysis, another option that Lodi may wish to consider is to simply establish a fixed discount for all commercial rate classes of 15 percent for a period of four to five years.

Summary of Parameter Options Identified

A quick recap of options that Lodi may wish to contemplate further given local wants and needs has been provided below. As stated earlier, there is much latitude available regarding the structure of the discounts and the terms and conditions applied to this

Electric Cost of Service Analysis Study, Borismetrics, [DATE?]

particular rate schedule. There is latitude to mold this rate to meet these local objectives. The following Draft Lodi Economic Development Rate is an attempt to identify options available to the City for its consideration based upon what other utilities are doing in this area and decisions that other cities, districts and the California Public Utilities Commission have made in other jurisdictions. The options worthy of further discussion within the City are as follows.

- 1 The amount and length of discounts established
2. The limiter methodology employed, if any
- 3 Sunset provision and date (Draft establishes December 31, 2009)
- 4 The number of new jobs that must be created to qualify for the discount
- 5 The amount that these new jobs must be paid in order to qualify for the discount, if determined to be a desirable condition
- 6 The amount of new load created in order to qualify for the discount (Draft establishes 50 kW)
- 7 The load factor that must be maintained in order to qualify for the discount, if any (Draft establishes 50%)
- 8 Any penalty for non-performance and/or early termination (Draft contains no penalty, but does provide for termination if the Terms and Conditions are not met)

Draft Lodi Economic Development Rate

The following draft rate schedule is provided for Lodi management discussion purposes. It contains suggested provisions for management consideration based upon knowledge of Lodi's objectives in a general sense and electric industry standards. As mentioned in the last section of this report, there is considerable latitude that can be incorporated into these parameters based upon local preference. They are realistically one of the advantages of local control and can be tailored as needed to meet Lodi's business development objectives.

DRAFT

SUPPLEMENTAL SCHEDULE ED

ECONOMIC DEVELOPMENT INCENTIVE DISCOUNT

(Applied in Conjunction with Commercial Service Rate Schedules)

APPLICABILITY:

This rate is available to qualified customers for the purpose of business attraction or Facility expansion. Qualified customers are new or existing commercial service customers who add an annual peak demand of at least 50 kW, and who meet the criteria provided for in the Terms and Conditions provided below. Existing customers may be asked to demonstrate that they have a similarly situated site outside of Lodi Electric's service area that would otherwise be expanded absent this discount. Qualified new customers may be asked to sign an affidavit stating that this discount is a material factor in their decision to locate in Lodi Electric's service area. Participation under this schedule is voluntary and is made available at Lodi Electric's sole option.

RATES:

A discount will be applied to all charges under the commercial service rate schedule for which the customer qualifies, exclusive of any state or local taxes or fees as follows:

Discount:	First 12 Months	25 percent
	Second 12 Months	20 percent
	Third 12 Months	15 percent
	Fourth 12 Months	10 percent
	Fifth 12 Months	5 percent

Discount Limiter:

The average rate after application of the incentive under this schedule cannot be Less than Lodi's average cost of service for rate schedules G1 and G2; cannot be less than Lodi's average cost of generation plus 4 ¢/KWh for rate schedule G3, and cannot be less than Lodi's average cost of generation plus 2.5 ¢/KWh for rate schedule G4.

TERMS AND CONDITIONS:

1. TERM:

This discount will be in effect until December 31, 2009 to existing and new customers that qualify for the discount. Once established on the rate, the discount

will be in effect for five years as provided for in Discount unless it is terminated by Lodi Electric in accordance with Condition number 5, Termination.

2. JOB PROVISION:

In determining availability of this schedule, customers may be required to certify that they will directly create a minimum of ___ new full time equivalent jobs, at least ___ of which are compensated at or above \$___ per hour. These positions and compensation levels must remain in tact for the balance of the Term of the discount in order to maintain eligibility.

3. NEW LOAD:

A new or existing customer must agree to add and maintain a minimum of 50 kW new load in order to qualify for this discount.

4. LOAD FACTOR:

If the customer's load factor falls below 50 percent for three consecutive months, Lodi Electric, at its option, may remove the customer from this rate schedule. The load factor is calculated by dividing the energy used in the billing period by the product of the peak demand and the hours in the billing period.

5. TERMINATION:

Lodi Electric may terminate this agreement upon 30 days written notice should the customer fail to meet any of the Terms and Conditions contained herein.

Potential Parameters for Lodi Economic Development Rate

Rate Level:

- Percentage – such as PG&E/Redding
- Fixed Amount – such as average cost
- Combination Percentage **and** Limiter

Term:

- 5 years
- Other

Cap:

- Amount of new load (MW)
- Ability to **terminate to new** customers at **any** time

Limiter:

- Averagecost
- Marginal cost

Conditions:

- Contract
- Number of jobs
- Amount **of new** load (**100 Kw?**)
- Load factor (at **least** system LF?)
- Penalties for non-performance **or** early termination
- “But for” requirement

APPENDIX A

NORTHERN CALIFORNIA ECONOMIC DEVELOPMENT RATES



SCHEDULE ED-ECONOMIC DEVELOPMENT INCENTIVE RATE

(T)

APPLICABILITY: This schedule is available to qualified customers locating, expanding, or retaining load on PG&E's electric transmission and/or distribution system. Customers taking service on Schedule ED must sign an Agreement for Economic Development Incentive on Electric Service (Form No. 79-771).

(T)
|
(T)

TERRITORY: This schedule is available to customers within PG&E's electric service territory

(T)

RATES: The rate provides a five-year declining rate incentive equal to a percentage off the customer's otherwise applicable tariff (OAT) bundled rate (excluding taxes) as shown below. An equivalent incentive will be available to Direct Access (DA) and Community Choice Aggregation (CCA) customers. For DA and CCA customers, the incentive will be calculated based on the OAT DA/CCA rate (excluding taxes) plus a proxy for generation based on the otherwise applicable bundled service generation rate.

(T)
|
|
|
(T)

Incentive Reduction:

First 12 months.....	25 percent	(I)
Second 12 months.....	20 percent	
Third 12 months.....	15 percent	(I)
Fourth 12 months.....	10 percent	(N)
Fifth 12 months.....	5 percent	(N)

Incentive Limiter:

(T)

The average rate after application of the incentive under this schedule cannot be less than PG&E's marginal cost of service as described below in the Floor Price section.

(T)
(T)

FLOOR PRICE: The sum of the revenues collected by PG&E from the customer, exclusive of any additional applicable taxes, shall not fall below a Floor Price equal to PG&E's total customer-specific marginal cost of service, which includes distribution, transmission, and generation (for bundled-service customers) marginal costs. The California Public Utilities Commission's adopted marginal costs in effect at the time of each contract execution will be used for this calculation, and used throughout the term of the agreement.

(N)

The revenues will be reviewed annually to ensure that they equal or exceed PG&E's marginal cost of service, up to the OAT revenues the customer would have paid if it had not received the incentive. Additional lump-sum charges may be due to PG&E or credits due to the customer after each annual review. The charges will be designed to ensure that revenues do not fall below the Floor Price described above each year. Credits, if available after the annual review, will be provided if the customer's incentive rate had been previously reduced from the maximum Incentive Reductions above.

PROGRAM EXPIRATION AND CAP: All agreements must be executed prior to December 31, 2009. This schedule will remain open until such time the last agreement expires or terminates.

The total contract demand on Schedule ED, at any point in time for active agreements, will be capped at 100 MW (megawatts).

(N)

(L)

(Continued)



SCHEDULE ED—ECONOMIC DEVELOPMENT INCENTIVE RATE

(Continued)

SPECIAL
CONDITIONS:

1. **Eligible Customers:** Eligible customers are those on or electing existing Schedule A-10, E-19, or E-20, or their successor rate schedule. New customers with maximum billing demands greater than 200 kW, existing customers who add at least 200 kW of maximum billing demand, or existing customers with at least 200 kW of maximum billing demand that are considering relocating their load outside of California may qualify. Note, Schedule ED is not applicable to customers receiving service under Schedule E-31.

For existing customers, only the additional demand or that portion deemed likely to relocate may qualify for the Schedule ED incentive reductions. New or additional billing demand does not include billing demand that exist within the State of California at the time eligibility is determined.

PG&E will consult with the Office of California Business Investment Services (CalBIS), or its successor entity, under the supervision of the California Business Transportation and Housing Agency (BTH), in order to determine qualified customers. Approval by CalBIS is necessary, but not sufficient, for determining eligibility. PG&E reserves the right for final review and determination, and Schedule ED shall be offered at the discretion of PG&E.

Residential customers and state or local governmental agencies are not qualified customers under this rate schedule.

2. **Contract:** Service under this schedule is provided under a five-year agreement.
3. **Start Date:** The start date of the incentive rate period shall commence within 24 months from the date of execution of the contract for service and shall be designated by the customer within the agreement.
4. **Metering:** Separate electric metering for new or additional load may be required if, in PG&E's sole opinion, it is necessary to provide service under this schedule. The customer will be responsible for any costs associated with providing separate electric metering.
5. **Limitations of Rate Limiters:** Average rate limiters may apply to the customer's bill under Schedule E-19 or E-20. The level of rate limiters will not be reduced by this schedule. (T)
6. **Conservation:** In order to be eligible for this schedule, customers must allow PG&E to conduct a site inspection for the purpose of making applicable conservation options available to customers. PG&E will advise all customers of a range of cost-effective conservation options on a site-specific basis.
7. **"But For" Test:** In order to be eligible for this schedule, the customer must sign an affidavit, attesting to the fact that "but for" this incentive rate, either on its own or in combination with a package of incentives made available to the customer from other sources, the customer would not have: (i) located operations or added load within the State of California or (ii) retained load within the State of California.

ECONOMIC DEVELOPMENT SERVICE ICE

APPLICABILITY

This service is applicable to any new customer whose monthly maximum demand is expected to exceed 100kW for 3 months out of a consecutive 12-month period or to any existing customer whose monthly maximum demand is expected to increase by 100kW for 3 months out of a consecutive 12-month period.

For the purpose of this service, a new customer is defined as a new business bringing entirely new electric load into the City. A business that changes location within the service territory or a business enterprise under new ownership does not qualify as a new business.

This service is not applicable to or available for resale, standby, or auxiliary service.

Qualified customers will be eligible for any and all service discounts available to commercial service customers including, but not limited to, the Primary/Transmission Service Discount and the Power Factor Adjustment.

EDS DISCOUNT

The monthly bill at the commercial rate, plus or minus any adjustments incorporated in this rate schedule or supplement hereto will be discounted as follows:

Discount:	Year 1	(Billing cycle 1 through 12)	= 25%
	Year 2	(Billing cycle 13 through 24)	= 20%
	Year 3	(Billing cycle 25 through 36)	= 15%
	Year 4	(Billing cycle 37 through 48)	= 10%
	Year 5	(Billing cycle 49 through 60)	= 5%

The Discount will end after 60 billing cycles.

In no event shall the cost of power to the customer fall below REU's average cost to supply power to that customer.

SPECIAL CONDITIONS

The customer will be required to sign a 5-year contract. If a customer covered under this schedule leaves before the expiration of the contract, penalties as established in the Council policy regarding electric incentives for economic development shall apply.

A customer wishing to avail themselves of this service must apply for service within one year of becoming eligible or lose that eligibility.

CITY OF REDDING MUNICIPAL UTILITIES - SCHEDULE OF RATES

ECONOMIC DEVELOPMENT SERVICE (continued)

CHARACTER OF SERVICE

The service is characterized as single-phase or three-phase, 60 hertz, and at one standard nominal voltage as mutually agreed by REU and the customer and subject to availability at the point of delivery. All meter-recording equipment shall be supplied and maintained by REU. Any expense to modify the customer's facilities to accommodate the meter-recording equipment shall be paid by the customer.

2003 Contract for Service
Economic Development Discount Provision
Electric Rate Schedules GS-2, GS-3, GS-TOU

1. _____ (hereinafter "Customer"), for account number _____

Electric service to be provided under and in accordance with the District's Electric Service Rules and Economic Development Discount Provision for Rate Schedule _____ as such rules and Schedule now exist or may hereafter be amended or superseded. A copy of Rate Schedule _____ is attached hereto and by this reference incorporated herein.

2. Customer represents that it is conducting a business under the North American Industrial Classification System (NAICS) code _____ and has a load requirement of _____ kilowatts. (Qualifying customers include those engaged in business classified under NAICS codes 311111 through 422990 or 481111 through 493190 and having a minimum load requirement of 200 kW.)
3. Customer's existing baseline energy and demand (12 months) for calculating "additional new load."

	<u>Energy</u>	<u>Demand</u>
Existing Baseline	_____	_____
Additional New Load	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

4. The District shall, at Customer's sole **cost** and expense, install separate electric metering equipment ("the equipment") for additional load at Customer's location if, in the District's sole opinion, it is necessary to provide service under this Provision. Customer understands that the equipment shall be the property solely of the District, and that Customer shall have no right, title, or interest therein.
- 4.1 At the time of submittal of this Contract, Customer shall pay to the District _____ Dollars (\$_____) as estimated, non-refundable charge for the equipment and installation of the equipment, including all costs of labor at the District's weighted labor rate. Upon completion of the installation, the actual costs will be determined by the District and Customer will receive a credit or additional billing for said **costs**.
- 4.2 Prior to the installation of the equipment, Customer shall take all necessary actions and precautions to ensure that the equipment is compatible with Customer's facilities.
- 4.3 Customer represents that it has the authority to, and hereby does, grant the District the right to install the equipment and to enter upon Customer's location at any reasonable time to install, inspect, operate, maintain, repair, replace, relocate, or remove the equipment while this Contract is in effect.
- 4.4 Customer shall not at any time interfere or tamper with the equipment
5. Customer elects to enter into a five- (5-) year Contract with the District. The discount period shall commence within 12 months following the date of execution of the Contract and shall be designated by the Customer herein.

Discount Start Date	_____
Discount Termination Date	_____
Contract Start Date	_____
Contract Termination Date	_____

Upon completion of the third year of the Contract, Customer may elect other contract rate options available, provided qualifying requirements are met.

6. Each party shall defend, indemnify and hold harmless, the other party (the "Indemnified Party"), and its directors, officers, employees, representatives and agents, and each of them, from and against any and all liabilities, losses, damages, costs (including attorney fees and expenses) and/or claims resulting from the death or injury to any person, including employees of either party

hereto, or damage to any property, including the property of either party hereto, resulting from the negligence of or breach of the obligations of the Indemnifying Party under _____ Rate Schedule or this Contract.

Customer shall be responsible, and shall upon demand reimburse the District promptly, for any property damage, loss or detriment suffered by the District as a direct or indirect result of **Customer's** failure to comply with the terms of this Contract.

7. The District is not a guarantor of power and, notwithstanding any provision of the Economic Development Discount, the District does not guarantee that interruptions may not occur during any period as a result of situations or circumstances beyond the control of the District.

8. **Any** assignment by Customer, voluntary or involuntary, of its rights under this Contract, or any rights or duties accrued hereunder, shall be void without **District's** prior written consent.

9. This ~~Contract~~, together with applicable Electric Rate Schedule, constitutes the sole, only and entire Contract and understanding between ~~the parties~~ hereto as to the subject matter hereof, and no changes, alterations or modifications hereof shall be effective unless in writing and signed by both parties.

Date Contract Approved by the District: _____

Customer

Modesto Irrigation District

Signature _____

Signature _____

Print Name _____

Print Name _____

Title _____

Title _____

General Service New Jobs - Economic Development Rate Schedule GS-ED2 *(Closed to new customers)*

I. Applicability

This rate schedule is available to full service customers only and is applicable to single or three phase service; delivered at either the secondary or 69 kV voltage level. This schedule is available to new load from either new or expanding commercial or industrial (C&I) customers, provided through a separate meter. For expanding C&I customers where the new load is served through an existing meter, a base load will be established by examining the customer's twelve (12) months historical bills. The base load shall be billed under the District's standard rate schedule. New load, consumed beyond the base load, shall be billed under this rate schedule. In determining availability of this schedule, customers must certify to the District that they will directly create a minimum of 250 new full-time equivalent (FTE) jobs in the greater Sacramento area, subject to verification by the District, and must also fully participate in the District's energy efficiency programs by implementing all cost effective energy efficiency measures. The rate shall be available for a period not to exceed 5 years and shall be subject to adjustment with normal rate review process. Service under this schedule is subject to time-of-use meter availability.

New load from either new or expanding commercial or industrial (C&I) customers creating more than 25 new jobs but less than 250 new FTE jobs in the greater Sacramento area, and who are taking either secondary, primary or 69 kV voltage level service, are eligible for an incentive rate ranging between the District's 100% embedded costs and 100% marginal costs. The customer may negotiate the level of the incentive rate, based on the number of new FTE jobs created, with District staff and all negotiated rates are subject to Board approval.

* This rate schedule is closed to new participants effective January 1, 1998.

II. Firm Service Rate

	Rate Category Voltage:	Large C&I GES_250 Secondary	Large C&I GET-250 69kV
WINTER SEASON - OCTOBER 1 THROUGH MAY 31			
Service Charge - per month per meter		\$103.00	\$103.00
Demand Charge (\$ per kW) Per kW of maximum demand per month		\$1.41	\$1.15
Energy Charge			
On-Peak ¢/kWh		5.00¢	4.78¢
Off-Peak ¢/kWh		4.26¢	4.06¢
SUMMER SEASON - JUNE 1 THROUGH SEPTEMBER 30			
Service Charge - Per month per meter		\$103.00	\$103.00
Demand Charge (\$ per kW) Per kW of maximum demand per month		\$1.41	\$1.15
Super Peak Demand Charge (\$/monthly super peak max kW)		\$26.35	\$22.01
Energy Charge			
Super-Peak ¢/kWh		5.86¢	5.51¢
On-Peak ¢/kWh		5.00¢	4.78¢
OK-Peak ¢/kWh		4.26¢	4.06¢

III. ALL SEASON - JANUARY 1 Through DECEMBER 31

Minimum Charge

The sum of the Service Charge plus the following:

- The highest demand occurring during the 12 months ended with the current month, or
- The maximum demand that the District has made available at the customer's request, or
- The connected load (one horsepower equals one kW for billing purposes), times the following:

Facilities Charge (\$ per kW):

Per kW of maximum Demand per month	\$3.45	\$3.45	\$3.45
------------------------------------	--------	--------	--------

IV. Rate Option Menu

(A) Energy Assistance Program for Non-Profit Agencies

A discount of 15 percent of the service charge, demand charge, energy charge or 15 percent of the minimum charge for large general service customers directly served by the District, who are certified non-profit agencies as outlined in Sheet No. 1-EAPR-1. The primary function shall be to provide a home (sleeping quarters) for low-income residents, who would otherwise meet the residential Energy Assistance Program Rate guidelines defining low-income if permanently residing in a residence. Given that the primary function is provided by the non-profit agencies, associated facilities that provide daytime services for the homeless (e.g., personal hygiene facilities, laundry facilities, kitchen and/or dining facilities, etc.) may also qualify for the discount. At least 75 percent of the facility square footage must be directly related to meeting these functions. In order to continue receiving the discount an energy survey must be applied for at the time of application for this rate option and the recommended cost effective energy efficiency measures must be implemented within six months of receiving a survey. (Continued)

General Service

New Jobs - Economic Development

Rate Schedule GS-ED2 (*Closed to new customers*)

(B) Standby Service Option

This option is for general service customers who operate, in whole or in part, customer-owned generator(s) on their premises and where

- 1.) the output connects to the District's electrical system, and
- 2.) the District must stand ready to provide backup or maintenance service to replace the generator(s).

Standby Service Charge (\$/kW of Contract Capacity per month)

Secondary Distribution Voltage	\$5.15
Primary Distribution Voltage	\$4.07
69 kV Voltage	\$2.00

"Contract capacity" is a fixed kilowatt value determined by the rating of the generator unit. In addition to the standby service charge, the District will continue to bill for all applicable charges under this rate schedule. These charges include customer and facility charges, as well as demand and energy charges for District-provided power.

Optional Metered Standby Service Charge

The customer may elect to base the standby charge on actual metered generator output in relation to total site load, which may result in a different standby billing than one based on contract capacity. This option requires the customer to pay for the installation and monthly maintenance of special metering equipment at both the generator and the customer's SMUD meter.

This option uses a metered standby kW instead of contract capacity kW to determine the standby service charge. The formula is as follows:

$$\text{metered standby kW} = (\text{maximum site kW}) - (\text{SMUD billing kW})$$

where:

"maximum site kW" is the highest coincident sum of the hourly generator output, if any, and the SMUD metered load for the billing period, and

"SMUD billing kW" is the maximum hourly load recorded at the customer meter during the billing period.

(C) Electric Vehicle (EV) Option

Owners of licensed commercial electric vehicles (EV's) may choose to have a charging location billed under GS-TOU2.

(D) Green Pricing Options

SMUD Community Solar Option

Customers electing this premium service option will receive an additional charge for monthly energy of no less than 1 cent and no greater than 2 cents per kWh. Contributions will be held until sufficient funds are available for construction of a solar roof top system.

SMUD Renewable Energy Option

Customers electing this premium power service will receive an additional charge for monthly energy of no less than 1/2 cent and no greater than 2 cents per kWh. SMUD may offer up to three premium rate options representing various blends of renewable resources within the 1/2 cent to 2 cent range. The actual prices will be published each November and will be based on the expected above market cost of renewable resources for the upcoming year. Participation will be limited to the amount of resources that SMUD is able to secure below the 2 cent premium limit.

V. Special Metering Charge

For customers who purchase and install communications hardware and software to transfer energy load data from their meter/recorders to a personal computer, the District will charge a monthly service fee to cover maintenance, software support and the annual licensing fee.

VI. Conditions

A. Type of Electric Service

Firm Service

Standard service where the District provides a continuous and sufficient supply of electricity.

B. Service Voltage Definition

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is taken according to the following:

a Secondary

This is the voltage class if the definition of "primary" and "69 kV" do not apply to a customer's service.

General Service

New Jobs - Economic Development

Rate Schedule GS-ED2 (*Closed to new customers*)

- h. Primary
This is the voltage class if a customer elects to accept service at a voltage level of 12 kV or 21 kV that is available in the area and the District approves such arrangements for a customer whose monthly demand exceeds 300 kW.
- c. 69 kV
This is the voltage class if a customer elects to accept service at a voltage level of 69 kV or higher that is available in the area and the District approves such arrangements for a customer whose monthly demand exceeds 500 kW.

C. Power Factor Adjustment

Accounts with demands of 20 kW or greater may be subject to a power factor adjustment. The District, at its option, may place VAR metering equipment to record reactive power conditions. Effective January 1, 1998, when a customer's monthly power factor falls below 95% leading or lagging, the following billing adjustment will apply:

$$\text{Energy} \times \$0.008 \times \left(\frac{95\%}{\text{Power Factor}} - 1 \right)$$

Energy = the total monthly kWh for the account

Power Factor = the lesser of the customer's monthly power factor or 95%

Customers that contract with SMUD for power factor corrections will have the power factor adjustment waived for the portion that is covered under the contract. The fee for correction per KVAR is \$0.2125. KVAR = in maximum 12 month KVAR in excess of 33% of kW.

D. Time-of-Use Billing Periods

Super-peak hours include the following:

SUMMER SEASON (ONLY) – **JUNE 1** Through SEPTEMBER 30

Weekdays: Between 2:00 p.m. and 8:00 p.m.

On-peak hours include the following:

WINTER SEASON - OCTOBER 1 Through MAY 31

Weekdays: Between 12:00 noon and 10:00 P.M.

SUMMER SEASON - **JUNE 1** Through SEPTEMBER 30

Weekdays: Between 12:00 noon and 2:00 p.m. and between 8:00 p.m. and 10:00 p.m.

Off-peak hours include the following:

ALL SEASON – JANUARY 1 Through DECEMBER 31

All day on Saturdays, Sundays and the following holidays:

Martin Luther King Jr.'s Birthday	3rd Mon. in Jan.
President's Day	3rd Mon. in Feb.
Memorial Day	Last Mon. in May
Labor Day	1st Mon. in Sep.
Thanksgiving Day	4th Thu. in Nov.
New Year's Day	January 1
Lincoln's Birthday	February 12
Independence Day	July 4
Columbus Day	October 12
Veterans Day	November 11
Christmas Day	December 25

and all other hours not defined as super-peak or peak

E. Billing

PRORATION OF CHARGES

BILLING CIRCUMSTANCE	Service Charge	Facilities Charge	BASIS OF PRORATION
Less than 27 days or more than 34 days	Yes	Yes	Relationship between the length of the billing period and 30 days.
Winter/Summer season overlap	Yes	Yes	Relationship between the length of the billing period and the number of days winter and summer.

Meter reading for service rendered in accordance with this rate will not be combined for billing purposes unless the convenience of the District is served thereby.

(End)

General Service

Temperature-Dependent Pricing/Economic Retention

Rate Schedule GS-TDP *(Closed to new customers)*

I. Applicability

This rate schedule is closed to new participants effective January 1, 1998,

Applicable to single or three-phase service, delivered at 69 kV voltage level. This schedule was available to new or existing commercial or industrial customers. The rate paid by the customer shall vary depending on the maximum forecasted temperature during the summer season (June through September). The District is utilizing temperature-dependent pricing as an additional rate option for economic retention. Retaining existing customers benefits the entire District by retaining the customer's contribution to the District's fixed costs.

To be eligible for this schedule, customers must have met the following requirements:

- (1) certify to the District that serving their load has become competitive as shown through evidence of viable competitive energy sources from relocation, self-generation, cogeneration, etc.;
- (2) verify that electricity costs are at least 10% of their variable production costs;
- (3) agree to remain a full-requirements District customer for a minimum period of five (5) years. If the customer chooses to bypass the District before the five (5) year period has expired, the customer shall reimburse the District for all cumulative savings received under the temperature-dependent pricing rate compared to the standard rate. The customer may elect to terminate District service after four (4) years, with a one (1) year advance notification, without penalty.

Participation in the temperature-dependent pricing rate shall be at the sole discretion of the District. Customers taking service under this rate schedule must agree to remain on the rate for a minimum of four (4) consecutive months.

Service under this schedule is subject to availability of equipment necessary to monitor hourly loads and communicate maximum forecasted temperatures.

II. Firm Service Rate

Rate Category: **GDT_99**
Voltage Level: **69kV**

WINTER SEASON

Service Charge	\$225.00
Facilities Charge (per 12 months max kW or installed capacity)	\$0.45
Energy Charge	
On-Peak Period ¢/kWh	7.31¢
off-peak period ¢/kWh	5.12¢

SUMMER SEASON

Service Charge	\$225.00
Facilities Charge (per 12 months max kW or installed capacity)	\$0.45
TDP Demand Charge (\$/kW):	
Per kW of maximum demand during Super-Peak Period	
per day if forecasted daily maximum temperature (T) for the following day is:	
"Heat Storm" if T >= 100° for 2 or more consecutive days: or	\$4.50
"Extremely Hot" if T >= 100° for a single day: or	\$4.25
"Very Hot" if 100° > T > 95°: or	\$0.75
"Hot" if 95° >= T > 90°: or	No Charge
"Moderate/Mild" if T <= 90°	No Charge
Energy Charge (¢ per kWh):	
Super-Peak ¢/kWh	10.134
On-Peak ¢/kWh	8.844
Off-Peak ¢/kWh	6.56¢

The TDP Demand Charge varies depending on the forecasted maximum temperature, based on a mutually agreed upon weather forecast source for the Sacramento area, for the following day.

MINIMUM DEMAND CHARGE DAY

A "Minimum Demand Charge Day" may be declared on days when the forecast maximum daily temperature is greater than 95°F and less than 50 percent of SMUD's available peaking resources are being utilized. On a "Minimum Demand Charge Day" the super-peak demand charge shall be equal to the demand charge for a "Hot" day (No Charge).

III. Rate Option Menu

(A) Green Pricing Options

SMUD Community Solar Option

Customers electing this premium service option will receive an additional charge for monthly energy of no less than 1¢ and no greater than 2¢ per kWh. Contributions will be held until sufficient funds are available for construction of a solar roof top system.

SMUD Renewable Energy Option

SACRAMENTO MUNICIPAL UTILITY DISTRICT

Resolution No. 05-03-08 adopted March 17, 2005

Sheet No. 1-GS-TDP-1

March 30, 2005

General Service

Temperature-Dependent Pricing/Economic Retention

Rate Schedule GS-TDP *(Closed to new customers)*

Customers electing this premium power service will receive an additional charge for monthly energy of no less than 1¢ and no greater than 2¢ per kWh. SMLJD may offer up to three premium rate options representing various blends of renewable resources within the 1/2¢ to 2¢ range. The actual prices will be published each November and will be based on the expected above market cost of renewable resources for the upcoming year. Participation will be limited to the amount of resources that SMUD is able to secure below the 2¢ premium limit.

IV. Special Metering Charge

For customers who purchase and install communications hardware and software to transfer energy load data from their meter/recorders to a personal computer, the District will charge a monthly service fee to cover maintenance, software support and the annual licensing fee.

V. Conditions

1. Service Voltage Definition

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is taken according to the following:

- a. Secondary
This is the voltage class if the definition of "primary" and "69 kV" do not apply to a customer's service.
- b. Primary
This is the voltage class if a customer elects to accept service at a voltage level of 12 kV or 21 kV that is available in the area and the District approves such arrangements for a customer whose monthly demand exceeds 30 kW.
- c. 69 kV
This is the voltage class if a customer elects to accept service at a voltage level of 69 kV or higher that is available in the area and the District approves such arrangements for a customer whose monthly demand exceeds 500 kW.

2. Power Factor Adjustment

Accounts with demands of 20 kW or greater may be subject to a power factor adjustment. The District, at its option, may place VAR metering equipment to record reactive power conditions. Effective January 1, 1998, when a customer's monthly power factor falls below 95% leading or lagging, the following billing adjustment will apply:

$$\text{Energy} \times \$0.008 \times \left(\frac{95\%}{\text{Power Factor}} - 1 \right)$$

Energy = the total monthly kWh for the account

Power Factor = the lesser of the customer's monthly power factor or 95%

Customers that contract with SMUD for power factor corrections will have the power factor adjustment waived for the portion that is covered under the contract.

The fee for correction per KVAR.....\$0.2125

KVAR = maximum 12 month KVAR in excess of 33% of kW.

3. Time-of-Use Billing Periods

Super-peak hours include the following:

SUMMER SEASON (ONLY) - JUNE 1 Through SEPTEMBER 30

Weekdays: Between 2:00 p.m. and 8:00 p.m.

On-peak hours include the following:

SUMMER SEASON - JUNE 1 Through SEPTEMBER 30

Weekdays: Between 12:00 noon and 2:00 p.m. and between 8:00 p.m. and 10:00 p.m.

WINTER SEASON - OCTOBER 1 Through MAY 31

Weekdays: Between 12:00 noon and 10:00 p.m.

Off-peak hours include the following:

ALL SEASON - JANUARY 1 Through DECEMBER 31

All day on Saturdays, Sundays and the following holidays:

Martin Luther King Jr.'s Birthday	3rd Mon. in Jan.
Presidents Day	3rd Mon. in Feb.
Memorial Day	Last Mon. in May
Labor Day	1st Mon. in Sep.
Thanksgiving Day	4th Thu. in Nov.
New Year's Day	January 1
Lincoln's Birthday	February 12
Independence Day	July 4
Columbus Day	October 12
Veterans Day	November 11
Christmas Day	December 25

and all other hours not defined as super-peak or on-peak.

General Service
Temperature-Dependent Pricing/Economic Retention
Rate Schedule GS-TDP *(Closed to new customers)*
PRORATION OF CHARGES

A. Billing

BILLING CIRCUMSTANCE	Service Charge	Facilities Charge	BASIS OF PRORATION
Less than 27 days or more than 34 days	Yes	Yes	Relationship between the length of the billing period and 30 days.
Winter/Summer season overlap	Yes	Yes	Relationship between the length of the billing period and the number of days winter and summer.

Meter reading for service rendered in accordance with this rate will not be combined for billing purposes unless the convenience of the District is served thereby.

Meter reading for service rendered in accordance with this rate will not be combined for billing purposes unless the District is unable to provide service through a single point of delivery.

The District will provide, install and maintain a load profile recorder at the customer's meter in order for the District to determine the customer's daily maximum demand. The customer shall provide a dedicated telephone line at the meter location in order for the District to read the recorder.

B. Notification of Minimum Demand Charge Day

It is the responsibility of the customer to communicate with the District to determine whether the SMUD system operator has declared a "Minimum Demand Charge Day." The District reserves the right to cancel a "Minimum Demand Charge Day" if necessary. Any such update will be provided to the customer no later than one hour prior to application of the super-~~peak~~ demand charge.

(End)

APPENDIX B

SOUTHERN CALIFORNIA ECONOMIC DEVELOPMENT RATES



Southern California Edison
Rosemead, California

Original Cal. PUC Sheet No. 39107-E
Cancelling Gal. PUC Sheet No.

Schedule EDR-A
ECONOMIC DEVELOPMENT RATE-ATTRACTION

Sheet 1

APPLICABILITY

Applicable to new customers who locate their facilities at a site within SCE's service territory that results in SCE served load of at least 200 kW. Such load must be new to California. Customers will be eligible for service under this Schedule only if the discounts offered under this Schedule were necessary in the customer's decision to locate its new load in California. Additionally, the customer must demonstrate to the satisfaction of SCE that the load subject to this Schedule is new to California. The customer must sign an affidavit attesting to the fact that "but for" this discount, either on its own or in combination with a package of incentives made available to the customer from other sources, the customer would not have located operations within the State of California. This Schedule is not applicable to state and local government customers or residential customers. This Schedule will close to new participants on December 32, 2009, and all Agreements must be executed prior to this date. The total accumulated contract demand on Schedules EDR-A, EDR-E, and EDR-R, at any point in time for active agreements, shall not exceed 100 MW (megawatts).

Customers must be served under a General Service rate schedule.

Customers subject to the Environmental Pricing Credit Agreement may not take service under this Schedule.

Customers **sewed** under this Schedule are not eligible for service under Schedule EDR-E or Schedule EDR-R.

TERRITORY

Within the entire territory served.

RATES

Unless provided herein, or in the Economic Development Rate-Attraction Agreement, all charges and provisions of the customer's Otherwise Applicable Tariff (OAT) shall apply, except that the customer's total bill shall be subject to discount as follows:

Year 1	25%
Year 2	20%
Year 3	15%
Year 4	10%
Year 5	5%

(Continued)

(To be inserted by utility)

Advice 1918-E-A

Decision 05-09-018

Issued by

John R. Fielder

Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Oct 3, 2005

Effective Oct 3, 2005

Resolution



Southern California Edison
Rosemead, California

Original Cal. PUC Sheet No. 39108-E
Cancelling Cal. PUC Sheet No.

Schedule EDR-A
ECONOMIC DEVELOPMENT RATE-ATTRACTION

Sheet 2

(Continued)

RATES Continued

For Bundled Service customers, the total bill includes charges for Delivery Service and Generation, as indicated in the Rates Section of the customer's OAT. For purposes of calculating the discount applicable to Direct Access (DA) and Community Choice Aggregation Service (CCA Service) customers, the total bill includes charges for Delivery Service, as indicated in the Rates Section of the customer's OAT, in addition to what the generation charges of the customer's OAT would have been had the customer been a Bundled Service customer. Such generation charges will be used as a proxy in order to calculate the discount.

The average rate after application of the discount under this Schedule cannot be less than SCE's marginal cost of service. The sum of the revenue collected by SCE from the customer, exclusive of any additional applicable taxes, shall not fall below a floor price equal to SCE's total customer-specific marginal cost of service, which includes distribution, transmission, and generation marginal costs for bundled-service customers. Marginal costs in effect at the time of each Agreement execution will be used for this calculation, and used throughout the term of the Agreement. The revenues from each customer will be reviewed to ensure that they equal or exceed SCE's marginal cost of service, up to the OAT revenues the customer would have paid if it had not received the discount.

SPECIAL CONDITIONS

1. Otherwise Applicable Tariff: The customer's regularly filed rate schedule under which service is rendered.
2. Agreement: The customer must sign the Economic Development Rate-Attraction Agreement (Form 14-758) and the Affidavit for Economic Development Rates (Form 14-772) in order to take service under this Schedule.
- 3' Start Date: The start date of the discount period shall commence within 24 months from the date of execution of the Agreement and Affidavit and shall be designated by the customer within the Agreement.
4. Conservation: In order to be eligible for this Schedule, a customer must allow SCE to conduct a energy audit for the purpose of making cost-effective energy efficiency and demand side management options available to the customer.

(Continued)

(To be inserted by utility)

Advice 1918-E-A

Decision 05-09-018

Issued by

John R. Fielder

Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Oct 3, 2005

Effective Oct 3, 2005

Resolution _____



Southern California Edison
Rosemead, California

Original
Cancelling

Cal. PUC Sheet No. 39109-E
Cal. PUC Sheet No.

Schedule EDR-A
ECONOMIC DEVELOPMENT RATE-ATTRACTION

Sheet 3

(Continued)

SPECIAL CONDITIONS Continued

5. SCE will consult with the Office of California Business Investment Services (CalBIS), or its successor entity, under the supervision of the California Business Transportation and Housing Agency (BTH), in order to determine qualified customers. Approval by CalBIS is necessary, but not sufficient, for determining eligibility. SCE reserves the right for final review and eligibility determination, and service under this Schedule shall be offered at the discretion of SCE. However, any customer rejection may be subject to review by the Commission pursuant to the complaint procedure specified in Commission Decision (D) 05-09-018.
6. All customers must agree to maintain a minimum level of load, as defined in Form 14-758, for five years from the date service is first rendered as set forth in the Economic Development Rate-Attraction Agreement.

(Continued)

(To be inserted by utility)

Advice 1918-E-A

Decision 05-09-018

Issued by
John R. Fielder
Senior Vice President

(To be inserted by Cal. PUC)

Date Filed Oct 3, 2005

Effective Oct 3, 2005

Resolution _____

SCHEDULE ED

ECONOMIC DEVELOPMENT RATES

Applicability

Applicable to services for all types of uses, including lighting, power and heating, alone or combined.

This Schedule is applicable to all or part of the services provided to New Customers and to Expanded Load Customers that:

- A. Are commercial or industrial end-use customers, and
- B. Are recommended for these Schedule ED rates by the Riverside Economic Development Corporation, which recommendation shall be based upon standards and guidelines established and adopted by the Riverside Board of Public Utilities and approved by the Riverside City Council; and
- C. Satisfy the following criteria as either a New Customer or Expanded Load Customer:
 - 1. **A New Customer** shall be a customer locating in Riverside's service territory within one year prior to the effective date of the Economic Development Rate Agreement that is:
 - a. a research, development or technology business with a Standard Industrial Classification (SIC) Code of 7371, 8711, 8713, or 8731 through 8734, Industry Group 357,367,381,382,384, and 781; or
 - b. a new customer with a projected minimum monthly demand of at least 500 kW.
 - 2. **An Expanded Load Customer** shall be an existing customer of Riverside that is adding new load to Riverside by the greater of twenty percent (20%) of the existing customer's Base Period Usage or 50 kW. The ED rate will be applied only to the expanded load as determined in Section 6, Base Usage Period:
 - a. at its current site; or
 - b. at a new site within Riverside to which it is relocating operations that are substantially similar to those at the old site; or

- c. a new site within Riverside with operations that the Utility determines are substantially similar to those of the existing site(s), and that is in addition to customer's existing site(s).

Territory:

City of Riverside

Rates:

Except as provided herein, or in the Economic Development Rate Agreement, all charges and provisions of the customer's Otherwise Applicable Tariff shall apply. The bundled charges or the total of the unbundled charges under the customer's Otherwise Applicable Tariff shall be reduced as follows:

Year 1 – **40%**
Year 2 – 20%
Year 3 - 0%
Year 4 - 0%

Rates under this Schedule shall be subject to a Minimum Charge computed as set forth in the Economic Development Rate Agreement. Rates are guaranteed for the third and fourth years of the contract. The rate for third year may not increase more than 105% of the year one published tariff and the fourth year may not increase more than 110% of the year one published tariff.

Special Conditions:

1. **Term:**

Economic Development Rate Agreements entered into under this Schedule shall be for a single four-year term.

2. **Otherwise Applicable Tariff:**

The Utility's published electric rate schedule which otherwise applies to Customer for service provided under this Schedule, provided however Schedule CS shall not be a Customer's Otherwise Applicable Tariff.

3. EDC Approval:

Application of this Schedule shall be subject to approval of the Riverside Economic Development Corporation (EDC). EDC's approval shall be based upon standards and guidelines established and adopted by resolution of the Riverside Board of Public Utilities and approved by resolution of the City Council. The standards and guidelines: 1) shall consider such factors as job creation, tax base increment, land use, City's business base, location of new load within a Riverside Redevelopment Project Area or Enterprise Zone, and City's overall economic strategy; and 2) shall provide adequate protection against arbitrary application of this Schedule.

EDC's decision to approve or disapprove application of this Schedule to a customer shall be appealable to the Riverside City Council, not later than thirty days after Riverside notifies the customer of EDC's decision. Customer shall file a written appeal with the Director setting forth the grounds on which the appeal is based. The Riverside City Council shall consider the appeal within thirty (30) days after receipt of the written appeal, and shall affirm, modify or reverse the decision of the EDC.

4. Agreement:

The customer must sign the standard Riverside Economic Development Rate Agreement in order for the rates under this Schedule to be applicable. In addition to the other terms of this Schedule, the Economic Development Rate Agreement shall require the customer to reimburse Riverside for all rate reductions received under this Schedule, if the customer fails to maintain the required minimum load during the four-year term of the Agreement.

5. Minimum Load:

All customers must agree to maintain a minimum level of load for four-years from the date service is first rendered under this Schedule as set forth in the Economic Development Rate Agreement.

6. Ease Period Usage:

Base Period Usage shall be established and agreed to in the Economic Development Rate Agreement for Expanded Load Customers. Base Period Usage shall be the average monthly energy use and demand for the customer during the last three years. Expanded load qualifying for the rate under this Schedule shall be

measured as the difference between the new monthly, meter documented energy use and demand, and Base Period Usage.

7. State Mandated Public Benefits Charge:

The rates in Customer's Otherwise Applicable Tariff and under this Schedule are subject to a surcharge as adopted via City Council Resolution No. 19203, and such surcharge as is in effect from time to time. The applicable Public Benefits Charge will be applied to the Customer's total electricity usage charges for the applicable billing period.

8. Miscellaneous Fees and Charges:

Rates charged pursuant to this Schedule shall be subject to any Energy Users Taxes, Utility Users Taxes and any other governmental taxes, duties, or fees which are applicable to Electric Service provided to Customer by Riverside.

9. Competition Transition Charge:

Any Competition Transition Charge (CTC) established and adopted by Riverside shall not apply to load and associated kilowatt-hours provided under this Schedule.

10. Expanded Load:

Expanded Load Customers applying for this rate must demonstrate to the satisfaction of the Utility that the expanded load is new to Riverside.

11. Agreement Deadline:

The start date of the discount rate agreement shall commence within **24** months from the date of the Economic Development Corporation's approval or become null and void. The start date shall coincide with the customer's normal billing cycle.

SCHEDULE ED

ECONOMIC DEVELOPMENT - CITYWIDE

APPLICABILITY

This schedule is closed to new customers as of August 1, 2006. The discount for existing customers will sunset on July 31, 2007. Customers may apply for a similar discounted program under Developmental Schedule EDBR if they qualify under the stated requirements.

For purposes of business development, applicable Citywide to single and three phase general service, including lighting and power, for operations not involved in selling or providing goods and services directly to the general public. Applicable to new customers having load requirements of 200 kW or greater, and to the facilities of existing customers whose expanding operations have incremental load requirements of 200 kW or greater at new or existing locations.

RATES

A discount from Schedule GS-2 applied to the demand and energy charges only as follows:

Efficiency Range	Discount
Less than 60%	0.0%
60% - 64%	5.0%
65% - 69%	5.5%
70% - 74%	6.0%
75% - 79%	6.5%
80% - 84%	7.0%
85% or greater	7.5%

The efficiency Range will be calculated as the actual energy consumption in the billing period divided by the result of multiplying the maximum demand in the billing period by the number of days in the billing period by **24** hours, with the final result expressed as a percentage.

$$\text{Efficiency Range \%} = \frac{\text{actual energy consumption}}{\text{max billing demand} \times \text{days in period} \times 24}$$

SPECIAL CONDITIONS

- A. Eligible customers will implement all cost effective energy efficiency measures through programs sponsored by the Department.
- B. Unless otherwise provided for in this Schedule, all of the terms and conditions of the Otherwise Applicable Tariff apply. The Otherwise Applicable Tariff is Schedule GS-2.

(Continued)

ISSUED BY:
Marcie L. Edwards
General Manager

Effective: 08-08-06 by Resolution No.: 2006R-188
Superseding Resolution No.: 95R-64

Dated: 08-08-06
Dated: 05-02-95

SCHEDULE ED

ECONOMIC DEVELOPMENT- CITYWIDE

- C. For customers locating in the Anaheim Canyon Industrial Area, as defined by the North East Area Specific Plan, and signing development agreements with the Community Development Department, the discount percentages specified above will be doubled. **If**, during the Term of Agreement, any governmental agency, authority, court or private entity takes an action which materially impacts **the** City's ability to recover its cost under Schedule GS-2, less the appropriate Efficiency Range Discount, the City **may** renegotiate with the customer the rate for electric service set forth in this schedule.
- D. For existing customers adding 200 kW or more in new load, the discount applies only to the new load, which must be served wider a separate service, or, at the Department's option, submetered. The customer shall supply, **at** no expense to the Department, any metering equipment necessary as well as a location suitable to the Department for meters and associated equipment used for billing.

SMUD had two ED Rates including a new job rate and a temperature dependent rate. Both of these rates are closed to new customers. Since they are somewhat unique, and were likely developed for individual customers a brief discussion follows. Both of these rates are included in Appendix A.

The new jobs rate (GS-ED2) provided for a discount to employers who added 250 or more jobs. Although the amount of the discount is not clear from the schedule, it appears that the discount offered essentially covered SMUD's embedded cost of generation, transmission and distribution. This rate required a 5 year contract.

Customers adding between 25 and 250 jobs were able to negotiate a rate (GS-TDP) between SMUD's embedded cost and its marginal cost. This was a unique rate that was dependent upon the temperature within the SMUD service area. It provided for different prices depending upon the local temperature. The breakdown of the rate was based upon the following temperature recordings (T = Temperature):

- ≥ 100 degrees for 2 days or more
- ≥ 100 degrees for 1 day
- $100 \text{ degrees} > T > 95 \text{ degrees}$
- $95 \text{ degrees} > T > 90 \text{ degrees}$
- * $T < 90 \text{ degrees}$

Southern California Economic Development Rates

ED Rates for representative southern California utilities were obtained from Southern California Edison Company as well as the Cities of Anaheim and Riverside. Table 1.2 contains a summary of the ED Rates for southern California utilities. The rates for SCE and Riverside are still active. Anaheim's rate was terminated on August 1, 2006. Copies of these rates are included in Appendix B

Table 1.2
Southern California ED Rate Summary

	<u>SCE</u>	<u>Riverside</u>	<u>Anaheim</u>
Incentive			Efficiency
Yr 1	25%	40%	<60% 0.0%
Yr 2	20%	20%	60-64% 5.0%
Yr 3	15%	0%	65-70% 5.5%
Yr 4	10%	0%	71-74% 6.0%
Yr 5	5%	NA	75-79% 7.0%
			>80% 7.5%
Limiter	Marginal Cost	NA	NA
Cap	NA	NA	NA
Conditions	³	⁴	⁵

The SCE is essentially the same as PG&E's. The only difference is that it is not subject to the cap of 100MW. Riverside's ED Rate is unique in that it is deeply discounted in year 1 (40 percent). The year 2 discount is 20 percent. ED Rates in years 3 and 4 are not discounted; however they cannot increase by more than 105 percent and 110 percent respectively over the year 1 non-discounted rate. In order to be eligible new customers must add 500 Kw of new load. Existing customers need to add 20 percent to their load or 50 Kw.

Anaheim's ED Rate was unique in that it was tied to the applicant's load factor. The larger the load factor the greater the discount. Discounts were also doubled for customers who located in the Anaheim Canyon Redevelopment Area.

³ Includes a 5 yr. contract and customer must maintain minimum load.

⁴ Includes a 4 yr. contract with approval of Riverside Economic Development Corporation, Riverside Board of Public Utilities, and Riverside City Council. New load must exceed 500kw. Existing load must increase 20% or 50 Kw. Rates in year 3 cannot increase by more than 105% from the year 1 non-discounted level. Rates in year 4 cannot increase by more than 110% from the year 1 non-discounted level.

⁵ Discounts doubled in redevelopment area. Must add 200 Kw new load. Rate closed as of August 1, 2006.



Economic Development Electric Discount



**City Council
January 13, 2009**



Background

- There has been interest by industrial customers and the Chamber of Commerce for an economic development rate (EDR) discount for electric
- Presently there is an EDR as part of I-1 rate
 - 10% discount on incremental load (200 KW minimum) for 12 months
- Interestingly, G5 and I-1 rates include an Economic Stimulus Rate Credit of 1.294¢/KWH and 0.41¢/KWH, respectively



Past Lodi ED Rates

(July 1, 1996 – June 30, 2000)

- **Cherokee Lane Economic Incentive Discount**
 - Declining annual discounts of 20,15,10 and 5 percent
- **Commercial Development Incentive Discount**
 - 10% discount years 1 thru 3 and 5% in final year
- **Core Area Economic Incentive Discount**
 - Declining annual discounts of 40,30,20 and 10 percent
 - Applicable in core area of the Central City Revitalization Area

Note: The utility also signed special discount contracts with at least one large entity.



Report

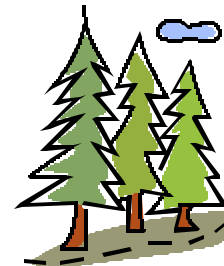
- In late 2006, MBMC retained to assist EUD in examining economic development
 - Summarize regional econ dev rates
 - Establish parameters for possible Lodi incentives
- Report highlighted areas for consideration when developing an EDR





Northern CA

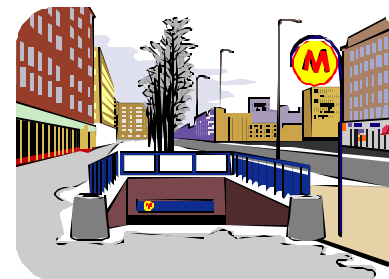
- PG&E, Alameda and Redding have 5 year EDR's that start at 25% discount and reduce 5% per year
- Modesto Irrigation District has a 5 year EDR that is at negotiated discounts
- SMUD had 5 year EDR based on jobs creation (25 to 250+) at an “embedded cost” rate

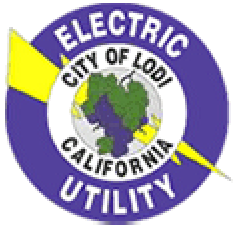




Southern CA

- SCE has a 5 year EDR similar to PG&E
- Riverside has a 2 year EDR with 40% discount in first year and 20% in second year
- Anaheim's EDR gave discounts ranging from 5% to 7.5% based on "load factor" with a minimum of 60%





Key Elements of EDR

1. Term & Sunset
2. Applicability
3. Amount of discount
4. Minimum new load size?
5. Minimum load factor?
6. Job discount?
7. Energy Efficiency?
8. Geographic Limitation?
9. Penalties?
10. Other





Lodi Draft EDR

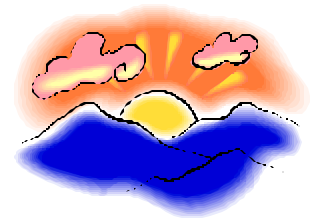
- 3 year term
- New or expanded “industrial” load only (no retail)
- 10% base discount (does not apply to surcharges)
- Extra 5% “job creations” discount (minimum 25 jobs for G2 and 50 jobs otherwise)
- Minimum load addition of 50 to 200KW depending on rate class
- 45% minimum load factor
- June 30, 2010 sunset





1. Term & Sunset

- How long should the EDR discount be applied?
 - One to five years seems to be normal range
- How long should the EDR schedule be in place?
 - Can be extended and/or modified upon sunset



- **Proposal**: 3 year term and June 30, 2010 sunset



2. Applicability

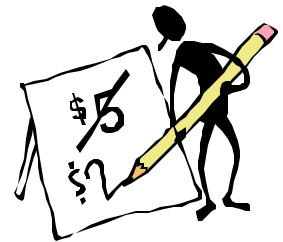
- To what rate classes and to what types of business (new loads) should the EDR apply?
 - Most EDR's are limited to industrial-type loads (that provided jobs and tax base)
 - Should EDR apply to new/expanded loads only
 - Is separate metering required?

- **Proposal: Applies to G2 and larger customers, expanded and/or new loads only. Industrial only, i.e. no retail or warehousing. Separate metering required.**



3. Amount of Discount

- Should discount level be flat or vary year-to-year?
 - Some use declining annual discounts of 25,20,15,10,and 5%
- What portion of electric charges does the discount apply?
- Are there any limitations based on electric cost etc.



- **Proposal: Ten percent discount applied to all electric bill elements except the Solar Surcharge and State Energy Tax**



Some Numbers

Rate	Non Energy Revenue (%)*
G2	9
G3	14
G4	16
G5	10
I-1	12
Average	10.5%

* FY 2008. Excludes surcharge revenue



More Numbers

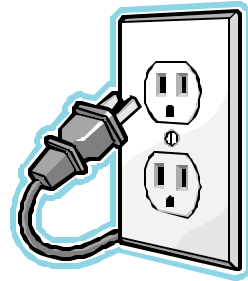
Rate	Average Revenue* (¢/kwh)
G2	15.87
G3	14.87
G4	13.83
G5	11.30
I-1	10.12
Average	13.57 ¢/kwh

* FY 2008. Excludes surcharge revenue



4. New Load Size

- Should there be minimum new load size for EDR rate?
 - Many utilities have 200 to 500KW minimums
- Penalty for reducing load below minimum after start?



- **Proposal:** Minimum load of 50KW for G2/G3, 100KW for G4 and 200KW for G5/I1. Monitored monthly – no discount if below minimum



5. Load Factor

- Load factor is a measure of the percent of time a customer uses the “capacity” reserved for it
 - Higher load factor is beneficial to utility since it implies more consumption in off-peak periods
 - Many utilities require a minimum of 50 percent or more
- **Proposal: Minimum of 45% load factor. Monitored monthly – no discount if below minimum**



6. Jobs Discount

- Should there be a minimum jobs requirement to qualify for EDR?
- If yes, should type of jobs or pay level be a factor?
- Should a supplementary discount apply to new jobs?



- **Proposal:** Extra discount of 5% for minimum of 25 new jobs (G2) or 50 new jobs (all larger classes). Monitored monthly – no discount if below minimum



7. Energy Efficiency

- California law imposes minimum energy efficiency levels (Title 24)
- Should EUD require an enhanced efficiency level or perhaps special certifications such as LEED? Solar
- If yes, is this a minimum requirement or should an additional discount apply?



- **Proposal:** No energy efficiency requirement beyond Title 24 is required or incented



8. Geographic Limits

- Should the EDR apply only to certain areas of Lodi
 - Examples include designated redevelopment areas, enterprise zone, central business district, Cherokee Lane etc.
 - If yes, is this a minimum requirement or should an additional discount apply
- **Proposal: No geographical requirements or rate enhancements are proposed**



9. Penalties

- What should the penalties/remedies be if a customer fails to meet minimum EDR requirements during term of discount
 - i.e. minimum size, jobs, load factor etc.
 - Some utilities require payback of EDR discounts if new load is eliminated or business closes/relocates
- **Proposal: Failure to meet any minimum requirements in any month shall result in no discount for that month**



10. Other

- “But for” Test – PG&E for example requires customers to certify that “but for” EDR discounts they would not add new load
 - Separate metering – Is separate metering required for expanded EDR load?
 - Are discounts or waivers offered for line extension costs (i.e. new electric facilities charges including EUD’s Substation & Transmission Fee)?
- **Proposal:** Separate metering is required for load expansions at an existing customer site.



Conclusion

- Many electric utilities have established economic development rates (EDR)
- EUD's improved financial condition makes consideration of an EDR possible
- There are a variety of factors to be considered when developing and EDR
- EUD has prepared a draft proposal for discussion purposes

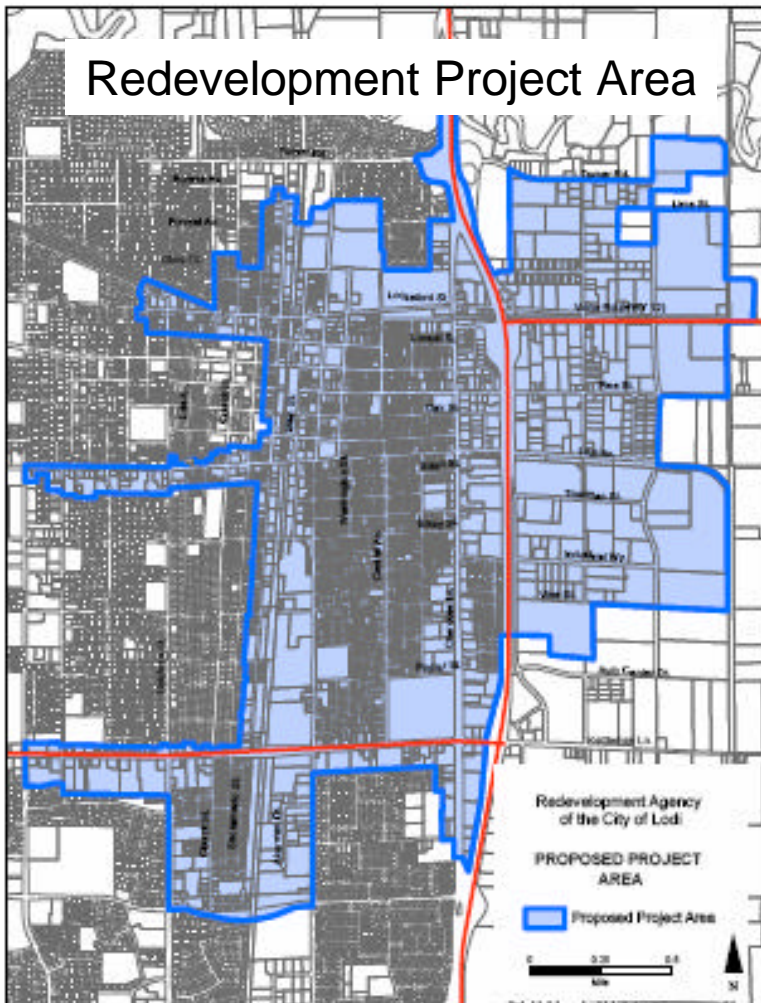


Questions/comments?



Maps

Redevelopment Project Area



Enterprise Zone

